

localinsights

spring 2015

An economic and labor market analysis of Southwest Utah

southwest



While *Iron, Kane and Washington counties* experienced **job growth**, the same is not true for *Beaver and Garfield counties*.

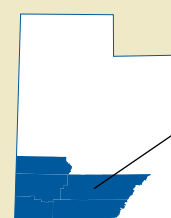
The Haves and Have Nots of the Southwest Utah Economy

By Lecia Parks Langston, Economist

With year-to-year gains of 5 percent or greater for the third quarter of 2014, three of the southwest Utah region's counties (Iron, Kane and Washington) ranked among the fastest job-growing counties in Utah. The remaining two counties (Beaver and Garfield) lost employment. Except in Garfield County, unemployment rates continued to edge downward and first-time claims for unemployment insurance remained in the seasonal range.

Washington County has shown the longest post-recession track record of 5-percent job growth, but has now been joined by neighbors Iron and Kane counties. Relatively broad-based industrial expansion completes the vigorous economic showing in all three counties. In addition, strong job growth does not appear to have reached the boom status which could portend an upcoming bust.

Beaver County's current job loss can be traced to the completion of a large construction project rather than to any deep-seated labor market issue. On the other hand, Garfield County continues to struggle with a slowly contracting employment base.



Beaver
Iron
Washington
Garfield
Kane

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Beaver County

Since the end of the recession, Beaver County's economy has been dominated by the initiation and conclusion of large construction projects. Third quarter 2014 followed the pattern as construction employment declines eclipsed other nonfarm job changes. Few of the remaining industries stepped up to the job-creation plate and sales plummeted. Fortunately, since most of the unemployed construction workers left the county, joblessness continued to contract. Overall, Beaver County must create stable jobs in order to return to full economic health.

- Between September 2013 and September 2014, Beaver County lost almost 230 nonfarm jobs for a decrease of 9 percent.
- Construction accounted for the vast majority of vanishing positions. However, leisure and hospitality services also showed a significant job loss.
- Retail trade made the only industry-level employment addition of note.
- Despite a contracting employment base, joblessness tapered to a mere 2.9 percent in December 2014. The lack of unemployment insurance claims suggests most construction workers have left the area.
- Gross taxable sales plummeted by 21 percent between the third quarters of 2013 and 2014. However, an unusually large business investment expenditure in 2013 overshadows the more normal 2014 figures.

Iron County

Iron County seems back in the economic high life again. Prior to mid-2013, the county battled to create jobs. However, Iron County has generated robust employment gains of roughly 5 percent for three consecutive quarters. Moreover, every major industry added new jobs. In tandem, joblessness continued to tick downward, dropping into the touted "full employment" range. Other economic indicators also suggest an improving economy.

- Iron County added more than 800 new jobs between September 2013 and September 2014 for a growth rate of 5.2 percent—far higher than the state rate of 3.0 percent.
- All major industries joined in the employment gains.
- The public sector, leisure/hospitality services, private education/health/social services and retail trade made the strongest contributions.
- In December 2014, the jobless rate stood at 4.2 percent, the lowest level since before the recession.
- Gross taxable sales gains looked rather lackluster with only a 0.2-percent year-to-year increase in the third quarter of 2014. However, the current tepid rate can be traced in part to an adjustment for prior quarters and a business-investment sector decline.

Garfield County

Garfield County's labor market continues to struggle. The area

current events

DIXIE STATE PLANS EXPANSION, NEW FACILITIES

Slated for completion August 2015, the two-story, \$29 million addition to Dixie State University's basketball complex will house 70 faculty and staff offices and include specialized classrooms, clinic spaces, gymnasiums and physical education labs. Additionally, Dixie Regional Medical Center will extend and expand its sports medicine partnership with the university in conjunction with the completion of the Wellness Center.

— *St. George News*

DIXIE REGIONAL MEDICAL CENTER TO ADD NEW BUILDING

Dixie Regional Medical Center is preparing to consolidate its remaining services by moving women's and children's staff to River Road from the aging 400 East hospital campus. The transition includes plans for a new building on the northwest side of the River Road campus at a cost to Intermountain of about \$182 million.

— *The Spectrum*

GARFIELD MEMORIAL HOSPITAL

Garfield Memorial Hospital broke ground for a remodel and expansion of their long-term care unit, expected to be completed spring 2015. The hospital will be adding 1,200 square feet of additional space.

— *St. George News*



For more current events:

<http://utaheconomysouthwest.blogspot.com>

has lost employment (year-to-year) in 15 of the last 18 months. Current employment losses are centered in the county's two largest sectors — government and leisure and hospitality services. Not surprisingly, in recent months Garfield County's unemployment rate has ticked up a notch. The county's best economic news was a healthy third-quarter gain in gross taxable sales.

- September 2014 showed a year-to-year decline of nearly 50 Garfield County nonfarm jobs. The 1.7 percent loss is relatively minor, but the continued contraction in employment proves worrisome.
- The county took the heaviest job hits in government (includes public education) and leisure and hospitality services.
- Job additions in construction, information and professional/business services partially offset losses elsewhere.
- Garfield County's joblessness has increased from a recent low of 7.8 percent in August 2014 to 8.3 percent in December 2014. Always high due to the seasonal nature of the economy, Garfield County's unemployment rate has edged up while most Utah counties are experiencing lower joblessness.
- Between the third quarters of 2013 and 2014, Garfield County's gross taxable sales increased by almost 8 percent. This three-quarter streak of improving sales provides the best economic news in an otherwise gray economic picture.

Kane County

Kane County appears to have finally shaken off its tame post-recession

economic performance. Nonfarm job totals show robust employment expansion in this southwest Utah county. In concert with stronger job growth, unemployment in the area continued to edge downward, while gross taxable sales bounded upward.

- Between September 2013 and September 2014, Kane County added more than 210 net new jobs. This year-to-year gain of 6.3 percent places Kane County as the second-fastest growing county in Utah.
- Most major industrial sectors joined the job-creation event. Leisure and hospitality service added the largest number of positions with important assistance from retail trade and other services.
- In December 2014, Kane County's unemployment rate slid to 4.2 percent approaching the typically accepted rate of full employment.
- Third quarter 2014 gross taxable sales increased by almost 10 percent when compared with the year-ago figure. Vibrant gains in leisure and hospitality industry sales factored heavily in the overall increase.

Washington County

Job expansion has bounced around Washington County's long-term average of 5 percent for the past three years. During the third quarter of 2014, the county's year-over employment growth continued in this "just right" zone. Unemployment continued to creep ever downward to enter the full-employment range. As the labor market tightens, expect an uptick in wages in 2015. Also, gross taxable

sales and new car sales showed healthy expansion.

- Between September 2013 and September 2014, Washington County added more than 3,000 net new jobs for a robust year-to-year growth rate of 5.8 percent.
- The public sector, leisure/hospitality services and construction each added at least 500 new positions. In addition, both retail trade and transportation contributed more than 400 jobs a piece.
- Manufacturing showed a hefty 200-job, 8-percent gain between September 2013 and September 2014. While the Blue Bunny plant closure is not reflected in the September numbers, neither is the re-opening of the Viracon plant. Overall, manufacturing employment should continue to increase.
- Washington County's December 2014 unemployment rate edged down another notch to 3.9 percent. Lower numbers of jobless workers coupled with continued moderate job growth should mean the forces of supply and demand will put upward pressure on wages.
- Authorized permits for new homes did drop 20 percent between 2013 and 2014. However, the number of permits remains moderate and reflective of a market that is not overheated.

Southwest Utah Economy

at a glance

Year-to-Year Change
in Nonfarm Jobs
Sept. 2014

2.0%
United States

3.0%
State of Utah

-9.1%
Beaver County

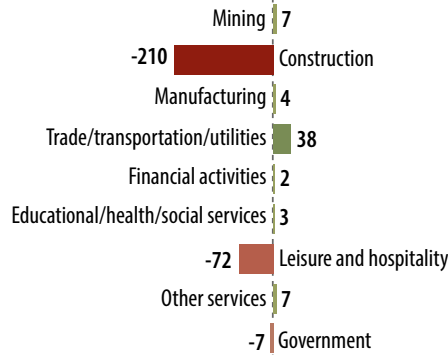
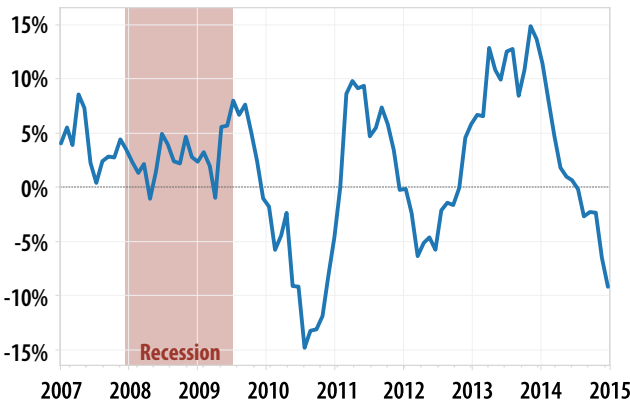
-1.7%
Garfield County

5.2%
Iron County

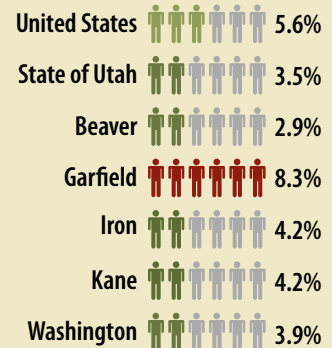
6.3%
Kane County

5.8%
Washington County

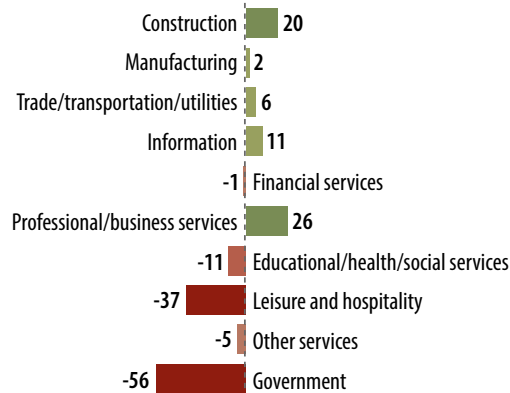
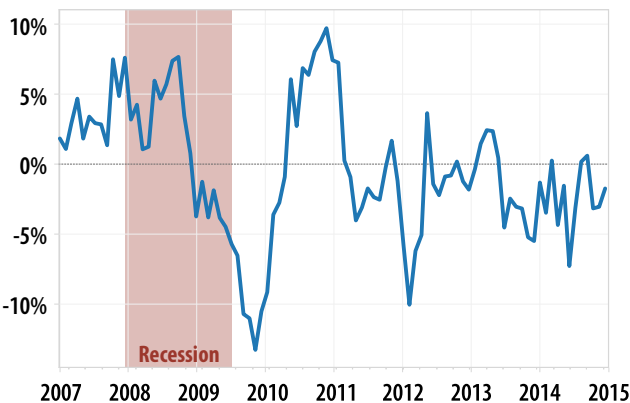
Beaver County Job Growth Sept. 2014 -228



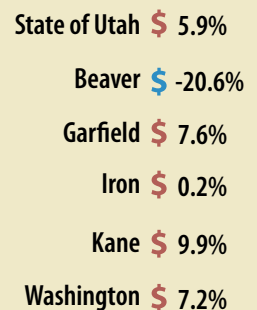
Seasonally Adjusted Unemployment Rate

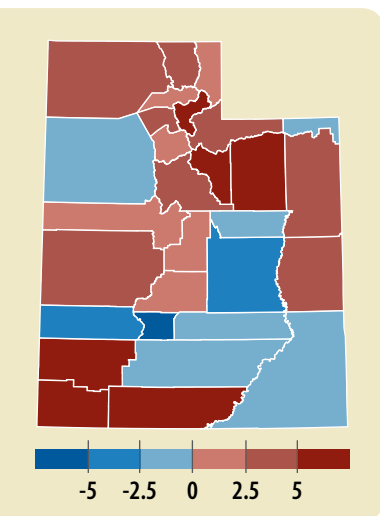


Garfield County Job Growth Sept. 2014 -45

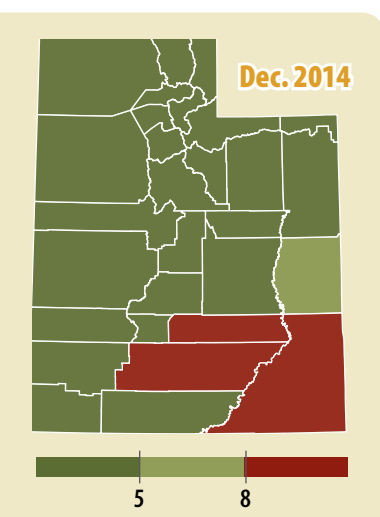
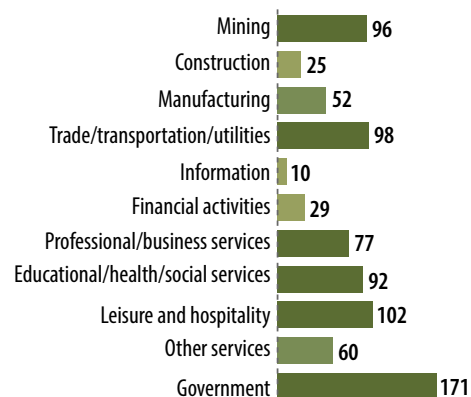
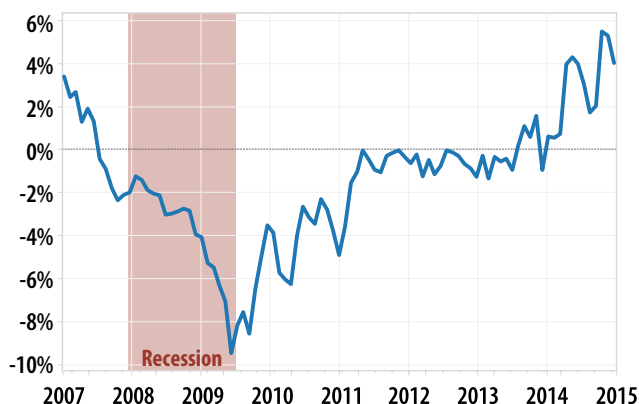


Year-to-Year Change in Gross Taxable Sales

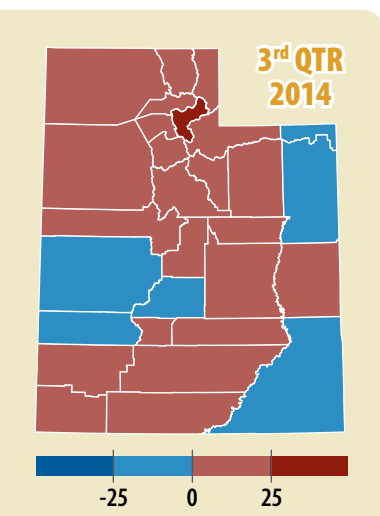
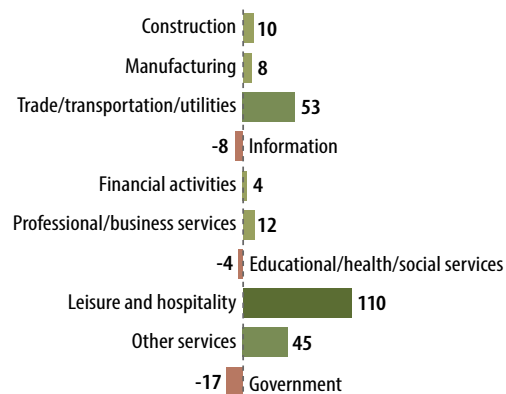
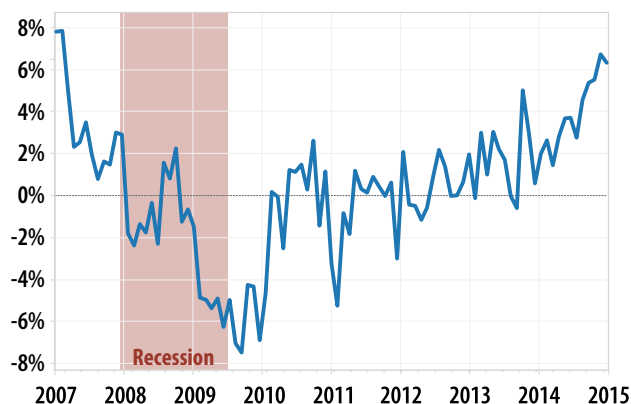




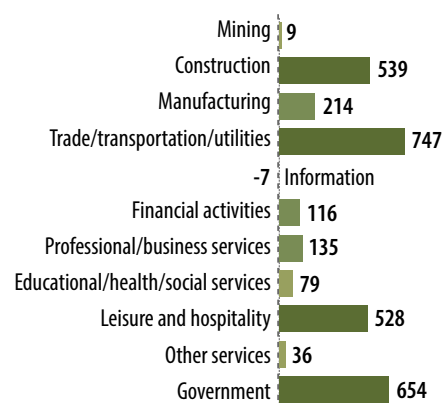
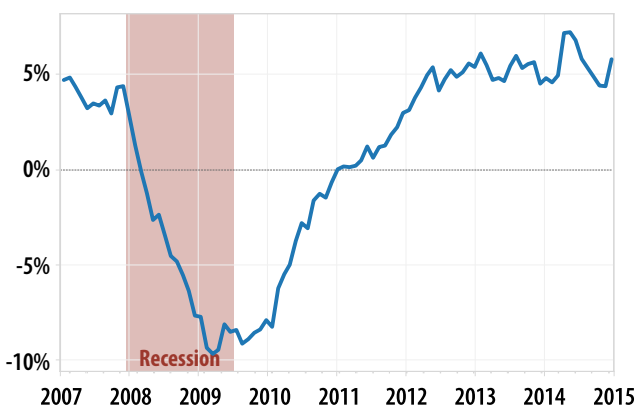
Iron County Job Growth Sept. 2014 ↑ 812



Kane County Job Growth Sept. 2014 ↑ 212



Washington County Job Growth Sept. 2014 ↑ 3,047





The Paper Chase: Changes in Southwest Utah's College-educated Population

By Lecia Parks Langston, Economist

A recent Newgeography.com article* ranking Utah's town St. George at the top of a list of "America's Smartest Cities" spurred a small flurry of educational-attainment data diving at the Department of Workforce Services. Although the St. George ranking resulted primarily from an influx in population, it did highlight educational gains in the southwest corner of the state. This article outlines the changes in the share of the population with at least a bachelor's degree using decennial Census data for 1990 and five-year averages from the American Community Survey (2009–2013).

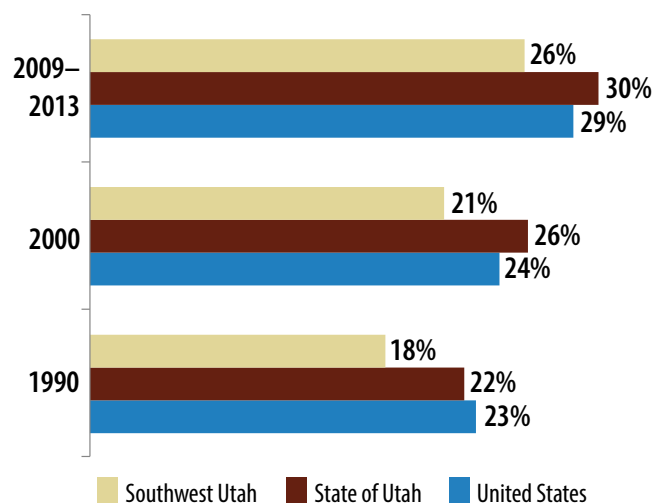
That was Then, This is Now

The southwest Utah population has certainly become better educated over the past two and one-half decades. Back in 1990, roughly 18 percent of adults 25 years and older had earned a bachelor's degree or higher. The most recent American Community Survey data reports that 26 percent of that age group now has at least a four-year college degree. That falls in line with Utah's share increase of 22 percent to 30 percent but displays a faster gain than the U.S. (23 percent to 29 percent).

Of course, individual counties show different levels of degree attainment. Iron County, home to Southern Utah University, started the study period with the highest percentage of adult residents with at least a bachelor's degree—22 percent. However, by the end of the study period, Washington County maintained the largest share of college-educated population at 26 percent. On the other hand, Kane County upgraded its educational attainment at the fastest rate. Between 1990 and 2009–2013, the share of Kane County residents with a bachelor's degree or higher more than doubled, rising from 12 percent to 25 percent.

At 9 percent in 1990 and 17 percent in 2009–2013, rural Beaver County showed the area's smallest proportion of college degrees. Garfield County also revealed a lower-than-average share of population with at least a bachelor's degree, starting with 15 percent and ending with 20 percent. Lower shares of degreed individuals in these less-populated counties undoubtedly stems from the types of available occupations. Metropolitan areas typically provide more jobs requiring a college education than do rural areas.

Figure 1: Share of Population 25 and Older with a Bachelor's Degree or Higher



Source: U.S. Census Bureau Local Employment Dynamics.

All Age Groups are Not Created Equal

Interestingly, the two counties with the strongest expansion in overall educational attainment—Washington and Kane—also experienced the largest bachelor-degree gains in the 65-and-older age group. In both counties, the share of seniors with college degree increased by 9 percentage points. This seems to point to the relocation of well-educated retirees to both areas. In Washington County, 29 percent of the senior population holds at least a bachelor's degree compared to only 22 percent nationwide. Along with the rising education of 65 and older individuals, Kane County experienced strong educational gains in every age group except the 45- to 64-year-old category, which declined.

"Education is the most powerful weapon which you can use to change the world." — Nelson Mandela

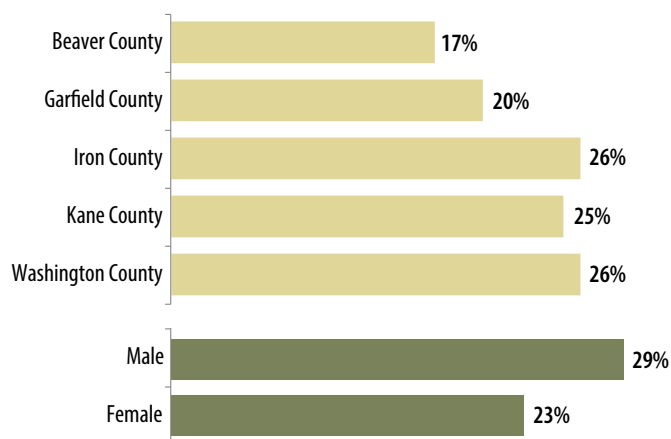
Iron and Garfield counties also exhibited a deterioration in the share of 45- to 64-year-olds with at least a bachelor's degree. Younger people seemed to fuel Iron County's educational gains with a 10-point increase in the share of 25- to 34-year-olds with college degrees. Moreover, this age group is particularly well-educated with 33 percent holding at least a bachelor's degree. Students working toward higher degrees at the university may contribute to this age group's standing.

In Garfield County, the degreed share of 25- to 34-year-olds weakened while 35- to 44-year-olds increased their proportion to an unusually high 34 percent. Garfield County's younger-aged population has not returned after seeking higher education. Beaver County's largest age-related increase occurred in the 35- to 44-year-old age group, which showed a 15 percentage point rise between 1990 and 2009–2013.

The Gender Divide

Utah's college-education gender gap ranks, by far, as the largest in the nation. In Utah, 33 percent of men (over 25 years) have a college degree compared to less than 28 percent of women. Nationally, the gender-related education gap has virtually disappeared. In southwest Utah, 29 percent of males have achieved a bachelor's degree or higher; but only 23 percent of females have

Figure 2: 2009–2013 Southwest Utah Share of Population 25 and Older with a Bachelor's Degree or Higher



Source: U.S. Census Bureau Local Employment Dynamics.

attained the same objective. Nevertheless, among southwestern counties, the educational gender divide appears as varied as the landscape.

In Beaver and Kane counties, women are more likely to have a four-year degree than are men. Garfield and Iron counties show moderate gender gaps of between 3 and 4 percentage points. However, Washington County's educational attainment gap measures a whopping 8 percentage points. While all age groups in Washington County show men achieving higher levels of education than their female counterparts, the gap is particularly outsized for seniors. Remarkably, 38 percent of senior men have at least a bachelor's degree.

*<http://www.newgeography.com/content/004774-americas-smartest-cities>



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Looking to the American Community Survey

By Mark Knold, Supervising Economist

"Sampling, statisticians have told us, is a much more effective way of getting a good census."

— Rob Lowe

The Rob Lowe quote is designed to be humorous. Is the best way to get answers about an entire population to not question the entire population but instead only part of it?

When we hear "census," we often think of the once-every-ten-year questioning as mandated by the Constitution. In that context though, we often think of "census" as an event instead of what it is—an enumeration.

A census targets an entire population. In contrast, if that is impractical or impossible, then a smaller portion (a survey) of the population needs serve as a viable substitute. Rob Lowe's humor stems from the idea that when we do the national decennial Census, much of the data comes from a survey. To him, that is an oxymoron.

The U.S. Constitution mandates the decennial Census for the purpose of allocating Congressional representation. That is fulfilled in our modern U.S. Census via the "short form," the portion that everyone gets and answers and thus makes it a census. That information is largely just a head count of people. Yet the Census event offers a great way to gather additional characteristic information about the U.S. population. That information formerly came from the now-deceased "long form"—a survey within the Census.

The long-form decennial survey has now been transformed into an ongoing exposé called the American Community Survey (ACS). From this rendering we get a wealth of U.S. population characteristics like educational achievement, income levels, poverty status and much more.

This issue of *Local Insights* is looking at Utah's recent ACS data and comparing some demographic variables of today to those same variables in the past. Have things changed in Utah's local economies over time? The frequency of the ACS makes these evaluations available in a more timely fashion.